

THE ROLE OF STUDENT SATISFACTION AT PRIVATE UNIVERSITIES

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Abstract

This study aimed to test an empirical manner on the role of student satisfaction at Private Universities through the study on private university students in Bandar Lampung, Indonesia. The research was done on 5 private universities in Bandar Lampung. Questionnaires were distributed to 500 respondents as samples to be taken by using purposive sampling technique. To analyze the data Structural Equation Model was used as a method and analysis of data processed using software lisrel 8.80 statistics for windows. The results of the study found that student's perceived value had some positive effects significantly to student satisfaction, and it was sufficiently significant to affect the Student loyalty. It was concluded that student satisfaction is the influence of full mediating between student perceived value against student loyalty. The results of the research also found that student perceived value influential positive and significant against student loyalty. Therefore it was concluded that Student satisfaction was full mediating effect between Students perceived value to Student loyalty. To increase the student loyalty it was better for the institution to have good communication to student, asked the lecturer to help students to overcome difficulties in their lectures and give the same service to all students .Further research was suggested to add variables or another dimension into a model of student loyalty or using different respondents characteristic in the form of national universities/Private Universities which was more complete and more extensive research areas. Besides that it was suggested also to conduct a research in the scope of more widely education, ranging from basic education, secondary education, higher education and vocational education, so as expected to get a student loyalty model for all kinds of level of education.

Keywords: private universities, student loyalty, student perceived value, student satisfaction

INTRODUCTION

Nowadays, competition between colleges in Indonesia is very competitive (Santoso, 2011). This starts since the enactment of a letter of the decision of the director general of higher education number 08/DIKTI/Kep/2002, about the Technical Decision of Minister of National Education number 184/U/2001, on guidelines for supervision control and guidance on diploma program, scholar in college and graduate. One of the important things in that decision letter determines that any course in universities has an authority to carry out a process of learning and teaching independently. This government policy led to a parallel operational the status of the implementation of national universities and Private Universities. From that moment on, de facto there is no more difference in the status of the operational between national universities and Private Universities. All regulations and provisions are in reference and based on DIKTI (the Directorate General of Higher Education) under the Ministry Of National Education, including for the issuance of the license a course of study/ operational. The act of sisdiknas no. 12 2012 also stipulates that there is the execution of autonomy of higher education in every college, so that colleges can open a great variety of courses of study with different kinds of program implementation (Suharyadi, 2011).

At the moment there are 83 National Universities and 2.928 Private Universities in Indonesia, where the number of Private Universities as much as 97, 24% compared with National Universities that are just as much 2,76% (Table 1).

Table 1: The Number of Universities in Indonesia Years 2012

| The Form of College | National | | Private | | Amount |
|---------------------|----------|-------|---------|-------|--------|
| | Total | % | Total | % | |
| University | 48 | 10,43 | 412 | 89,57 | 460 |
| Institute | 6 | 11,32 | 46 | 88,68 | 53 |
| High School | 2 | 0,15 | 1.314 | 99,85 | 1.316 |
| Academy | - | - | 1.015 | 100 | 1.015 |
| Polytechnic | 27 | 16,17 | 140 | 83,83 | 167 |
| Total | 83 | 2,76 | 2.928 | 97,24 | 3.011 |

Source: Kopertis Region II Palembang

Compared with the existing universities in Lampung Province, at this time there are as many as two state universities and 68 private higher educations, where the number of private higher educations are as much as 97.14% compared with the State that is only 2.86% (Table 2).

Table 2: The Number of Higher Education in Lampung province in 2012

| The Form of College | National | | Private | | Amount |
|---------------------|----------|-------|---------|-------|--------|
| | Total | % | Total | % | |
| University | 1 | 12.5 | 7 | 87.50 | 8 |
| Institute | - | 0 | 1 | 100 | 1 |
| High School | - | 0 | 33 | 100 | 33 |
| Academy | - | 0 | 26 | 100 | 26 |
| Polytechnic | 1 | 50.00 | 1 | 50.00 | 2 |
| Total | 2 | 2.86 | 68 | 97.14 | 70 |

Source: Directorate General of Higher Education (Dirjen Dikti)

A total of 68 private higher educations in the Lampung Province, the higher educations which are in the form Higher School has the highest number, 33 (48.53%), followed by the Academy, 26 (38.24%), then the University, 7 (10.29%), a Polytechnic, 1 (1.47%), and an institute, 1 (1.47%) (Table 3).

Table 3: Number and Percentage Form of Private Higher Education in Lampung Province Year 2012

| No | Form Private Universities | Total | Percentage (%) |
|----------|---------------------------|-------|----------------|
| 1 | Universities | 7 | 10.29 |
| 2 | Institute | 1 | 1.47 |
| 3 | High School | 33 | 48.53 |
| 4 | Academy | 26 | 38.24 |
| 5 | Polytechnic | 1 | 1.47 |
| Total of | | 68 | 100.00 |

Source: Kopertis Area II Palembang

Based on the above data, the percentage ratio between the number of state universities with private universities, both in Lampung and in Indonesia, showed almost the same conditions where the number of Universities in Indonesia as much as 2.76% and 2.86% in Lampung. The number of private universities in Indonesia as much as 97.24% and 97.14% in Lampung. This shows that the number of private universities, both in Indonesia and in Lampung province, are very dominant compared to the number of state universities.

From 68 private higher educations in Lampung province, as many as 62 are in the city of Bandar Lampung. Those consist of 30 Colleges, 25 Academies, 5 Universities, and 1 Polytechnic Institute. A large number of private higher educations scattered in Bandar Lampung will provide many options for the community. This is an advantage not only for the community but also for education. Due to the large number of private universities in Bandar Lampung, the community's choice is even more diverse in choosing a quality higher education. Intense competition will make higher educations vying with each other to improve its performance in order to win the competition (Natalisa, 2012).

However, every year private universities have always had difficulty in recruiting new students. This is compounded by the number of students who are not active annually (Natalisa, 2012). These conditions are caused by: (1) Industrialization in the field of higher education which has an impact on the establishment of universities, both State and private, mass and evenly in almost all districts/cities in Indonesia, so the level of competition between universities to compete for prospective students is very tight, especially private universities. Private universities as higher education management unit finally are engineered as modern giant companies that always pay attention to efficiency and effectiveness. Marketing war by offering a diverse range of promises and ease become common in businesses to attract students. Private higher educations that were not ready with the competition and industrialization of higher education will eventually fold or shut down the program of study because of competition; (2) The expansion of the industry that has a huge impact on the breadth and depth of social conditions in academic circles, so that each private higher education is required to perform “link and match” for all teaching and learning processes in the higher education, including the provision of facilities and infrastructure, to fit the needs of industry. The phenomenon of not “link and match” is experienced by private higher educations resulting in un-demand by prospective students or students have been moved to another place, even drop out of the private higher education. On the basis of the above mentioned conditions, the study was conducted.

At This time, private higher educations in the form of universities in Bandar Lampung universities are faced with many common problems, namely:

- (1) The decline in the number of new students coming into the private higher educations, particularly in the shape of university, where private universities has been the top choice for students who are not accepted at the State University but want to stay in college (Natalisa, 2012). The decline in applying to private universities in Bandar Lampung during the last 5 years can be seen in Table 4 below:

Table 4 : Admissions in Private Universities in Bandar Lampung Year 2009-2012

| Years | Total Student | Changes (%) |
|-------|---------------|-------------|
| 2009 | 3,211 | |
| | | -2.57 |
| 2010 | 3,128 | |
| | | -1.75 |
| 2011 | 3,074 | |
| | | -2.18 |
| 2012 | 3,007 | |

Source : Kopertis Area II Palembang

During a period of four years (2009-2012) there had been a decline in new admissions in private universities in Bandar Lampung (Table 4). The decrease in number of new students did not only happen in the private University, but it occurred also in generally good universities in Lampung Province and universities in region 2 Kopertis Palembang environment, particularly in the last 2 years (Natalisa, 2012).

- (2) The large number of students who are not active every semester. The number of students who were not active in private universities in Bandar Lampung on average in the last four academic years was at 5.61% (Table 5). This number had impact on the number of active undergraduate per year as it became incompatible with the number of students enrolled at the beginning in the corresponding universities (Natalisa, 2012).

Table 5 : The Number and Percentage of Students Inactive at Private universities in Bandar Lampung Academic Year 2009-2012

| Generation | Total Student | | Percentage not active |
|------------|---------------|------------|-----------------------|
| | Total | not Active | |
| 2009 | 13,880 | 457 | 3.29 |
| 2010 | 12,430 | 184 | 1.48 |
| 2011 | 12,380 | 1,207 | 9.75 |
| 2012 | 10,897 | 863 | 7.92 |
| | Average | | 5.61 |

Source : Kopertis Area 2 Palembang

Each university management wants all students registered as an active student every semester as it indicates that the students intend to continue studying in the same college (loyal). Active student is a student who should be recorded active in the Academic Administration at the beginning of each semester of the current academic year. To be registered as an active student, then at the beginning of each semester of the course, students are required to re-enroll by filling KRS (Study Plan Card) and complete financial administration. Students are the most important part in the management of a university. University's income, especially private university, is still largely derived from the students, so that their presence on campus will determine the viability of a university. Students who opt to be active and complete the lectures in the same campus can be grouped into loyal on campus or in other words referred to as loyal students (Natalisa, 2012).

Although the university and the company are two different businesses, some researches are trying to develop a commercial business model to be applied in the context of the university (Sultan & Wong, 2010). Competition in today's competitive university market forces institutions of Higher Education to adopt a strategy of competitive advantage in winning the competition (Thomas, 2011).

Customer loyalty is a key advantage of competition, survival, and growth (Reichheld, 1996). Students who are loyal are a source of competitive advantage for a university (Thomas, 2011). Student loyalty, both in the short and long term, will have a direct impact on the university. Student loyalty will be a source of WOM (Word of Mouth) that is effective because students voluntarily would recommend the university where they got their lectures to others. In addition, after becoming alumni, if ones want to continue and deepen their education, then the loyal students are likely to continue in the same university (Marzo-Navarro et al., 2005).

Students as consumers will be loyal to the institution if they are satisfied (Andreassen & Lindestad, 1998). Customer satisfaction can be achieved if the manufacturer can create, deliver, and communicate value to consumers (Malik, 2012). Satisfaction is an overall feeling of someone

after purchasing services/products (Solomon, 1994). The level of satisfaction is determined by the difference between the performances of the services received with what consumers expect (Parasuraman et al., 1986). By adopting customer satisfaction for goods and services, Elliot & Healy (2001) introduced the concept of *Student satisfaction*, namely the short-term behavior resulting from the evaluation on the educational services from the experience they receive.

This study will analyze the influence of *Student satisfaction* on *student loyalty* by using dimension of *Facilities*, *Academic Support*, *Welfare support*, *feedback*, *Placement support*, and *Organisation communication* as suggested by O'Driscoll (2012).

By using the approach taken by Sheth et al. (2001), this study will also describe the influence of *Student perceived value* with *Functional value dimensional approach*, *Social value*, *Emotional value*, *Epistemic value*, and *conditional value* on *Student satisfaction*.

Based on the descriptions above, the researcher will discuss the antecedents of *Student satisfaction* that is *Student perceived value* and its *consequences*, namely *Student loyalty*.

Based on the Background of the research that has been described above, the research problem is formulated as follows: Is there an effect of *Student perceived value* on *Student satisfaction*? Is there an effect of *Student satisfaction* on *Student loyalty*? and Is there an effect of *Student perceived value* on *Student loyalty*?

The purpose of this study was to analyze the effect of *Student perceived value* on *Student satisfaction*, *Student satisfaction* on *Student loyalty* and *Student perceived value* on *Student loyalty*.

The benefits to be derived from the results of this study are: (1) For the Leader/Private University Rector, He can provide information for decision makers in the university especially private universities in Bandar Lampung on how to improve the loyalty of students through *student satisfaction* as well as through the *Student perceived value*; (2) For Further Research, it will contribute to the theoretical literature on *Student perceived value*, *Student satisfaction*, and *Student loyalty*.

THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

Student perceived value. The primary purpose of providing value to the consumer is to build a loyal customer, the customer that can increase purchase frequency, quantity of purchasing, and avoid behavior of consumers to switch/*switching cost* (Rust et al., 2004). Therefore, giving equal value to consumers is by building a competitive advantage for the company (Lee & Overby, 2004; Ulaga & Chacour, 2001; Woodruff, 1997). Zeithaml (1988) defines the CPV as the overall consumer ratings of the usefulness of the product based on the perception of the received and obtained. Although the concept of CPV is quite extensive, but in general CPV is divided into two. First, the process of determining the CPV seen from the definition, then the CPV is the result of the perception of consumers before the purchase/*pre purchase (expectation)*, evaluation during transaction (*expectation vs. received*) and the assessment after the purchase (*post purchase*). In the literature of *service*, the definition of *expectation* is *desires* or wishes of consumers, such as how consumers feel about what service providers should offer compared to the actual bids from service providers to consumers

(Parasuraman et al., 1988). As for the aspect of *post purchase*, Butz and Goodstein (1996) defines the CPV as the emotional bond awakened between consumer and producer after the consumer uses the products or services produced by the producer and the consumer gets the added value from the products/services. McDougall and Levesque (2000) defines *Perceived value* as a result or benefit received by consumers and their relations to the total cost, including the price paid plus any other fees associated with the purchase. The benefits here include the value of consumer desire. Sacrifices include monetary and non-monetary (time, alternative products or alternative brands and personal experience gained) (Dodds et al., 1991; Monroe, 1990). The research conducted by Gale (1994) and the Rust et al. (2004) concluded that Value is the ratio between the perception of quality that consumers get and the price paid (monetary and non-monetary).

Sheth et al. (2001) has another opinion on *Value* where in his research he found five consumption values that are used to explain why consumers choose or purchase/use or not to buy/do not use the goods/services, namely *Functional value*, *Social value*, *Emotional value*, *Epistemic value*, and *Conditional value*.

Functional value is the value of the benefits derived from the utility or the physical appearance of a product/service and is measured based on the ratio of convenience, availability, ease, and completeness of the accompanying (Holbrook, 1994). *Social value* is defined as the perceived benefits derived from differences in *demography*, socio-economic, and cultural ethnic group both positively and negatively. *Emotional values* are the benefits derived from the ability to produce a feeling or a statement about the emotional attitude to the products/services used (Sheth et al., 2001; Sweeney & Soutar, 2001). *Epistemic value* is the usability benefits derived from the ability of the goods/services generate curiosity and a desire to obtain curiosity (Sheth et al., 2001). *Conditional value* is defined as the benefits derived from a particular situation or particular circumstances faced in which the situation can be events, emergencies, seasonal conditions even once in a lifetime (Sheth et al., 2001).

Student Satisfaction. Although the concept of customer satisfaction has been developed, none of the theories that is really appropriate for all industries because it involves the complexity of the assessment process of consumer satisfaction or dissatisfaction itself (Oliver, 1997). The most dominant explanation of the theory of marketing on satisfaction is the *expectation disconfirmation* model (Oliver, 1980; Westbrook & Oliver, 1981). Basically, the model describes the consumer as forming expectations relating to the *performance quality* of the product or service. Based on the model, there are three predictions of customer satisfaction; i.e. *expectation*, the likelihood or tendency accompanying attributes or products display at the appropriate level, *disconfirmation*, the result of a comparison between what was expected with what is observed, and *performance*, a number of perceptions about a product or service that accompanies the results received (Oliver, 1997). There are three possible statements of *disconfirmation*, (1) *Negative disconfirmation-performance*, acceptable results were below expectations, (2) Being above the standard, (3) Zero disconfirmation - performance within expectations. The concept of satisfaction develops into an agreement among researchers that satisfaction is an assessment of a consumer in the purchase of goods or services followed by accompanying services (Yi, 1990). *Satisfaction* is the fulfillment of a pleasant perception of service

(Oliver, 1997). The level of satisfaction is determined from the difference between the performance of service perceived by consumers and what consumers expect (Parasuraman et al., 1986). *Customer Satisfaction* is a feeling of pleasure or disappointment of individuals due to comparing between products/services received by expectations (Oliver, 1981; Brady & Robertson, 2001; Lovelock et al., 2001). University as colleges are increasingly recognizing that higher education is a service industry and placing greater emphasis on meeting the expectations and needs of their customers who are participated, namely students (Thomas, 2011; Cheng & Tam, 1997). Adaptation of the concept of customer satisfaction in education was initiated by Eliot and Healy (2001), which indicates that student satisfaction is the result of an evaluation of their experience with the services received. With a focus on the student satisfaction it allows a university to not only rearrange the organization but also adapt to the needs of the students so that the university has the opportunity to develop a system that can monitor how effectively they can meet or exceed the needs of its students (Elliot & Shin, 2002). In his research, O'Driscoll (2012) measured the level of student satisfaction through six indicators: *Facilities, Academic Support, Welfare support, feedback, Placement support, and Organisation communication*.

Student Loyalty. The ultimate goal of any company at the moment is to build customer loyalty (Eakuru & Mat, 2008; Reichheld and Teal, 1996). Loyalty is a strategy that creates mutually beneficial relationships between companies and customers (Reichheld & Detrick, 2003). Drack et al. (1998) argue that when companies invest funds to improve consumer loyalty, they will increase revenues while reducing the cost of the company. If the company has a loyal customer, then the company can maximize its profits as loyal consumers will do the following things: (1) Make purchases more frequently, (2) Use their money to try to buy a new product or service produced by the company, (3) Recommend a product or service to others, and (4) Give sincere advice to companies (Reichheld & Sasser, 1990).

Consumer loyalty can be grouped into *brand loyalty, service loyalty, and store loyalty* (Dick & Basu, 1994). In the theory of marketing, *customer loyalty* is more commonly divided into three approaches: (1) *Behavioral*, (2) *Attitudinal* and (3) A combination of *behavioral* approach and *attitude*. Behavioral loyalty (*loyalty behavior*) is the frequency of consumer purchases whereas attitudinal loyalty (*loyalty attitude*) is a consumer preference (Parasuraman et al., 1985). Consumer loyalty can be seen from the desire of consumers to make repeat purchases, consumer satisfaction and consumer tolerance to fluctuations in the price including the re-purchase behavior and consumer preferences for specific products or services (Fornell, 1992; Griffin, 1996). Loyalty Levels of Jacoby (1971), Dick and Basu (1994) are *cognition, affection, and conation*. Later in the study, Oliver (1997) found that there is a higher level after *conation*, namely *action*. Therefore, he involves four levels of definition of loyalty, *cognition, affection, conation* and *action*, as a deep commitment to repurchase or subscribe particular product or service consistently in the future although the influence of the situation and marketing potentially causes *switching behavior*. In this study the concept of loyalty consists of four dimensions, namely *cognitive, affective, conative* and *behavioral*. In particular dimensions of *cognitive, affective* and *conative* are in the category of *attitudinal loyalty* that will lead to *behavioral loyalty*. Components of loyalty, *behavioral* and *attitudinal*, are bound to one another. Loyalty without attitude is false, not a true loyalty while loyalty without behavior is a fail loyalty. Loyalty is described

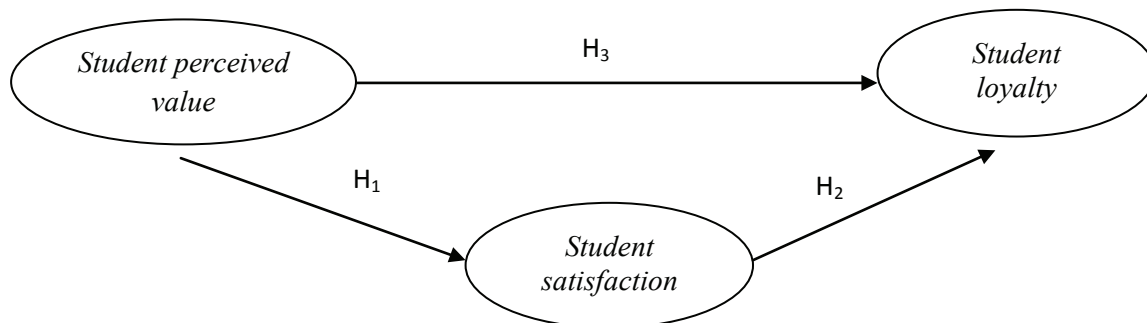
as the *attitude-behavior* relationship fused as antecedents and consequences of *customer loyalty* (Dick & Basu, 1984). Thus, this study will analyze the *behavior loyalty* and *attitude loyalty*.

Conceptual framework. Based on several studies that have been done, there are many factors that affect the level of loyalty, one of the most dominant is satisfaction (Anderson & Srinivasan, 2003; Bloemer & Lemmink, 1992). Satisfaction or gratification is the feeling of pleasure or disappointment of someone after comparing the perception of product performance with expectations. If consumers are satisfied with the performance of the products/services used, then the consumer will be loyal/faithful to the products/services (Yoon & Uysal, 2005). Students as consumers in a university will be loyal to their institution if they feel satisfied (Andreassen & Lindestad, 1998).

Perceived value has long been studied as instrumental variables affecting customer satisfaction (Agustin and Singh, 2005; Chiou, 2004). Perceived value is the ratio between the total benefits received by consumers and the total sacrifices made by consumers when using a product to meet their needs (Buzzel & Gale, 1987). Customer satisfaction can be achieved if the manufacturer can *create*, *deliver*, and *communicate* value to consumers (Malik, 2012). Perceived value is also perceived by the company as one of the determining factors of customer loyalty (Lam et al., 2004; Yang & Peterson, 2004). In the context of university, then the students' perceptions of the value of a university affect the level of satisfaction and loyalty of the students to the campus (Helgesen & Nettet, 2007).

Based on the description above, then the conceptual framework can be described as follows:

Figure 1: Conceptual Framework



Hypothesis :

H₁: there are positive and significant student against student satisfaction perceived value.

H₂: there is a positive influence on student significant student satisfaction and loyalty.

H₃: there is a positive influence and significant student against student perceived value loyalty.

METHODS

The research conducted referred to the limitations of the studies that were done previously by Thomas (2011) and Helgesen and Nettet (2007). This research was a survey (*field study*) which aimed to test the hypothesis (*Hypothesis Testing*) on the effect of *Student perceived value* on *Student loyalty* by using *Student satisfaction* as *mediating variables*.

The researcher's involvement in this study was minimal/low. He was not involved in the research result (low involvement level) because he only formed conceptual framework, formulated hypotheses, operated variables, collected relevant data and analyzed the results or findings of his research. The setting of the research is *non contrived settings/inartificial setting* because it was done in a scientific environment (*natural setting*), which was directly on the respondents who studied at private universities in Bandar Lampung. The unit of analysis in this study was the individual, such as students who were studying at private university in Bandar Lampung. As for the dimension/time horizon, this study was cross sectional study because the data were collected at a certain time in December 2013.

Population, Sample and Data Collection Methods. The population in this study was all students of private universities located in Bandar Lampung. Because of the large population, this study used a sample, such as students who attended the Private Universities in Bandar Lampung. The selection of the sample due to: (1) The total enrollment of private universities in Lampung Province was pretty much so that using the sample i.e. private University students in Bandar Lampung in order to be more effective and efficient, (2) Overall number of Private University students studying was larger in comparison with the district/other cities in Lampung province so that it could be as a reference to other districts/cities, (3) The number of private universities in Bandar Lampung is more widely than other districts/cities in Lampung province so that a high level of competition shows their durability (survival) for Private Universities present. Therefore, the results of this study can be used as a picture of other Private Universities in Lampung province or other regions in Indonesia.

The size of the sample had an important role in predicting and interpreting the results of the research. Based on the opinion of Hair et al. the results of statistical tests were very sensitive to the size of the sample. The number of samples using SEM was ideal if respondents were between 200 and 400 (Hair et al., 2010). Meanwhile, according to Sekaran (2003), the large sample size that was appropriate in the study ranged from 30 to 500 respondents. This study used purposive sampling technique. This technique was used because researchers believed that the students who responded had the necessary information for the researcher. The sample size was determined by taking into account the analytical techniques used in hypothesis testing structural equation model (SEM). Roscoe (1975) as cited in Sekaran (2003) provided guidance on the determination of the number of samples as follows:

1. The sample size should be between 30 s/d 500 elements.
2. If the sample is subdivided into subsamples (male/female, elementary/junior high/high school, etc.), the minimum number of subsamples should be 30 for each category.
3. In the multivariant study (including multivariant regression analysis) the sample size should be several times larger (10 times) than the number of variables to be analyzed.
4. To study a simple experiment, with strict control, the sample size can be between 10 s/d 20 elements.

Based on the above sampling method, the respondents as the sample in this study were 500 students. They were taken using *proportionate stratified random sampling* technique. Sampling

criteria that served as the respondents, namely, the third semester students and above, and the selection of respondents in the sample was randomly done. To calculate the sample size in each private university, the determination of the number of samples used *proportionate stratified random sampling* technique as follows:

$$\text{Sample/Private University} = \frac{\Sigma \text{Population / private universities} \times \text{sample}}{\Sigma \text{The Population of Private University}}$$

Specification:

The sample/private universities = Sample of students per private universities

Σ Population / private universities = Total student population per private universities

Sampel = Number of samples

Σ Population of private universities = Number of private universities student population

Based on the method of calculation of the number of samples with data obtained from Kopertis Region 2 in 2012, the number of population and sample of 5 private universities in Bandar Lampung was as follows:

Table 6. Population and Sample of Private University Students in Bandar Lampung in 2012

| No | University | The Number of Students | The Number of Sample |
|-------|---------------------------------|------------------------|----------------------|
| 1 | Bandar Lampung University | 2.542 | 127 |
| 2 | Tulang Bawang University | 1.237 | 62 |
| 3 | Muhammadiyah Lampung University | 1.078 | 54 |
| 4 | Malahayati University | 3.381 | 168 |
| 5 | Sang Bumi Ruwa Jurai University | 1.796 | 89 |
| Total | | 10.034 | 500 |

Source: Kopertis II Palembang

The method of data collection was done by distributing questionnaires directly to students in five Private Universities in Bandar Lampung. Respondents were asked to complete questionnaires provided by the survey team/enumerators. Then the survey team will wait for the respondents to answer all the questions so that the questionnaires return rate was of 100%. However, not all questionnaires that had been returned were processed. This was because after the validation, there was a questionnaire that was not eligible to be processed, for example, not all questions were filled or inconsistent answers one to another. Therefore, the number of questionnaires distributed to respondents was in excess of the number of samples used, 500 questionnaires. Validation of data was done in the form of validity and reliability of the research instrument in order to refine the question. So it could be known whether the respondent understands what was being asked without any meddling from enumerators.

Profile of respondents. Based on data collection, the surveyed respondents' profiles can be seen from some of the characteristics, namely (1) gender, (2) Semester, (3) Location of origin of SMA / SMK, (4) type of courses, (5) parents' jobs, and (6) parents' income.

Table 7 : Profile of Private University Students in Bandar Lampung Based on Gender, Semester, the origin of Location of Senior High School/Vocational, Type of Studies, Work of Parents and Income of Parents

| Explanation | Respondent Number | Percentage |
|-------------------------------------------------|-------------------|------------|
| Sex | | |
| Man | 212 | 42.4 |
| Woman | 288 | 57.6 |
| Semesters | | |
| 3-4 | 225 | 45.0 |
| 5-6 | 133 | 26.6 |
| 7-8 | 96 | 19.2 |
| > 8 | 46 | 9.2 |
| Location | | |
| Bandar Lampung | 247 | 49.4 |
| Out of Bandar Lampung (in the Province Lampung) | 153 | 30.6 |
| Out of Bandar Lampung (out of Province Lampung) | 100 | 20.0 |
| Studies Program | | |
| Non Social | 167 | 33.4 |
| Social | 333 | 66.6 |
| Working Parents | | |
| Civil servants | 159 | 31.8 |
| Private employees | 98 | 19.6 |
| Entrepreneurs | 111 | 22.2 |
| Army and Police | 23 | 4.6 |
| Teachers and Lecturers | 26 | 5.2 |
| Farm laborers | 21 | 4.2 |
| Others | 62 | 12.4 |
| Parents Income per Month | | |
| > 10.000.000 | 100 | 20.0 |
| 5.000.000 – 10.000.000 | 149 | 29.8 |
| 2.000.000 – 4.999.999 | 197 | 39.4 |
| < 2.000.000 | 54 | 10.8 |

Source: Data Processing Result

From the Table above, it can be seen that Private University students' profile in Bandar Lampung is as follows:

- 1) Based on gender, private university students in Bandar Lampung consisted of as many as 212 men or 42.4% and 288 women or 57.6%. The majority of private university students in Bandar Lampung were women.

- 2) Based on the semester, the students of private universities in Bandar Lampung consisted of 225 (45.0%) semesters 3-4 students, as many as 133 people (26.6%) semester 5-6 students, as many as 96 people (19.2%) semester 7- 8 students and as many as 46 people (9.2%) above semester 8 students.
- 3) Based on the location of the origin of SMA/K, then private university students in Bandar Lampung consisted of 247 (49.4%) students from senior high school/vocational of Bandar Lampung, as many as 153 people (30.6%) of students from senior high school/vocational from outside Bandar Lampung (in Lampung province) and as many as 100 (20.0%) students from senior high school/vocational from outside Bandar Lampung (outside Lampung province).
- 4) Based on the type of study program, the private university students in Bandar Lampung consisted of 167 (33.4%) of students who took the exact type of study program and as many as 333 (66.6%) students who took the types of social study programs.
- 5) Based on the work of Parents, the private university students in Bandar Lampung had parents with work consisting of 159 (31.8%) parents of students as civil servants, as many as 98 (19.6%) parents of students as private employees, as many as 111 (22.2%) parents of students with entrepreneurial jobs, as many as 23 (4.6%) parents of students as army/police, as many as 26 (5.2%) parents of students as teachers/lecturers, 21 (4.2%) parents of students as workers/farmers, and 62 (12.4%) parents of students with the work of others.
- 6) Based on the total income of the Parents, 100 (20.0%) parents of the private university students in Bandar Lampung had an income of more than Rp 10 million per month, a total of 149 (29.8%) parents of students with an income of Rp 5,000,000, - up to Rp 10 million per month, 197 (39.4%) parents of students with an income of Rp 2,000,000, - up to Rp 4,999,999, - per month and 54 (10.8%) parents of students with an income of less than Rp 2.000.000, - per month.

Based on the profile of private university students in Bandar Lampung, it could be concluded that the majority was (a) Women; (b) Semesters 3-4; (c) The location of origin of senior high school/vocational from Bandar Lampung; (d) The type of study program of social; (e) The work of parents as civil servants (f) The amount of parental income was between 2 million - Rp 4,999,999, -.

Based on the profile of minority students at the private University of Bandar Lampung, it can be concluded that the minority was (a) Male; (b) Above semester 8; (c) The location of origin of senior high school/vocational outside Bandar Lampung (Out of Lampung Province); (d) The type of study program was exact; (e) The work of parents as workers/farmers (f) The total income of the parents was of more than Rp 10,000,000, - per month.

This study was limited to the private university students in Bandar Lampung. Furthermore *Student perceived value* variable was only in the limit on the 5 dimensions proposed by Sheth et al., (2001), namely *functional value*, *Social value*, *Emotional value*, *epistemic value* and *conditional value*. Furthermore, the Student satisfaction variable was limited to 6 dimensions according to O'Driscoll (2012), namely *Facilities*, *Academic Support*, *Welfare support*, *feedback*, *Placement*

support and *Organisation communication*. Student loyalty variable was limited to two dimensions, namely *Attitude* and *Behavior* (Hennig-Thurau et al., 2001).

Development of Research Instruments. There are 5 variables used in this study. All variables were measured by using the dimensions and number of items of statements. In addition, variables were measured using 5-point Likert scale ranging from 1 to 5; where 1 = Strongly Disagree/Very Dissatisfied, up to 5 = Strongly Agree/Very Satisfied.

Validity Test and Instrument Reliability. Validity test was done to determine whether all the questions (instrument) of the proposed research to measure the research variables were valid. If valid, the instrument could be used to measure what was to be measured (Zikmund, 1994).

For validity testing, the *content validity* and *construct validity* testings were done. Content validity was related to the extent to which a scale of measurement/instrument represented the overall characteristics of the contents of the research that were being measured. Content validity was essentially judgmental, so that an indicator was considered valid to the extent consistent with the literature review (Sekaran, 2003). The indicators used to measure all the variables are based on the theories that have been discussed in Chapter 2, so it could be concluded that the entire items were valid statements.

To test the *construct validity* it was concerned with the understanding of the theoretical arguments on which the measurements obtained. *Construct validity* testing was done by using the CFA (*Confirmatory Factor Analysis*) with *Convergent validity* criteria. *Convergent validity* was testing indicators of a latent constructs that should be convergent/shared with a high proportion of variance. The assessment of *convergent validity* could be seen from *factor loading* value for each indicator. Models that fitted a construct was analyzed with the software lisrel 8.80 required to meet *convergent validity* value, but the value of the *factor loading* was very sensitive to sample size (Hair et al., 2010). Here was a *significant factor loading* value based on the magnitude of the sample:

Table 8 : Guidelines to Identify Significant Factor Loadings Based on Sample Size

| Factor Loading | The Number of Samples Required |
|----------------|--------------------------------|
| ≥ 0.30 | 350 |
| ≥ 0.35 | 250 |
| ≥ 0.40 | 200 |
| ≥ 0.45 | 150 |
| ≥ 0.50 | 120 |
| ≥ 0.55 | 100 |
| ≥ 0.60 | 85 |
| ≥ 0.65 | 70 |
| ≥ 0.70 | 60 |
| ≥ 0.75 | 50 |

Source: Hair et al. (2010)

In relation to the size of the sample used, i.e. 500 samples, the indicator with loading factor ≥ 0.30 is declared invalid. Factor loading values obtained from the *Student perceived value* construct, *Student satisfaction* and *Student loyalty* has a value of ≥ 0.30 ; so it can be concluded that all of these indicators are able to explain and define the construct of *Student perceived value*, *Student satisfaction* and *Student loyalty*. In other words, the indicators used to measure the *Student perceived value*, *Student satisfaction* and *Student loyalty* are valid and meet the *convergent validity*.

Reliability Tests are used to assess how much consistency variable (*reliable/unreliable construct*) is, in which certain statements are summarized into a total value of a construct (Hair et al., 2010). Reliability testing at each construct was done by using “*Internal Consistency Reliability Method*”. The result of reliability test of each construct by seeing the value of *Cronbach’s Alpha*; where the value of Cronbach’s coefficient α is acceptable worth at ≥ 0.6 (Sekaran, 2003).

From the results of reliability testing of the research instrument to construct *Student perceived value*, *Student satisfaction*, and *Student loyalty* as measured by indicators such as questionnaire items, it is obtained Cronbach’s coefficient at ≥ 0.6 cut-off value of Cronbach’s coefficient α . This means that the respondents’ answers to the statements used in the study to measure the *Student perceived value* construct, *Student satisfaction* and *Student loyalty* are dependable/reliable/consistent.

Measurement of Variables. Prior to test the hypothesis, the overall model (*Fit Model*) must first be assessed to ensure that the model is able to describe all the causal relations (goodness of fit indices) by seeing some measurement criteria (Hair et al., 2010).

Test criteria models with different types of measurements *goodness-of-fit* using Lisrel 8.80 are as follows:

Table 9 : Criteria of Goodness of Fit Index Full Structural Model

| Goodness of Fit Index | Cut-off Value |
|--------------------------|---------------|
| Absolute Fit Measures | |
| RMSEA | ≤ 0.08 |
| Incremental Fit Measures | |
| NFI | ≥ 0.90 |
| CFI | ≥ 0.90 |
| RFI | ≥ 0.90 |
| GFI | ≥ 0.90 |
| AGFI | ≥ 0.90 |

Source: Hair et al. (2010)

Based on the table above, the criteria for measuring *the goodness of fit index* were seen from *the cut-off value*. Acceptable model established at the level of fit and marginal if there are one or two criteria of *goodness of fit* which had been met (Hair et al., 2010).

The summary of Goodness-of-Fit-Index of all the above variables were presented in Table 10 below:

Table 10 : The Summary of Goodness-of-Fit-Index Value Model

| Goodness of Fit Index | The Result Value | | | |
|-----------------------|-------------------------|----------------------|-----------------|---------------------------|
| | Student Perceived Value | Student Satisfaction | Student Loyalty | Cut-off Value (Model Fit) |
| RMSEA | 0.03 | 0.02 | 0.03 | RMSEA \leq 0.08 |
| NFI | 0.99 | 0.99 | 1.00 | NFI \geq 0.90 |
| CFI | 1.00 | 1.00 | 1.00 | CFI \geq 0.90 |
| RFI | 0.99 | 0.99 | 0.99 | RFI \geq 0.90 |
| GFI | 0.98 | 0.99 | 0.99 | GFI \geq 0.90 |
| AGFI | 0.96 | 0.96 | 1.00 | AGFI \geq 0.90 |
| Information | Model fit | Model fit | Model fit | |

Source: Data Processing

Based on calculations of *Goodness-of-Fit-Index* of variables *Student perceived value*, *Student satisfaction* and *Student loyalty* it could be concluded that all the variables had a fit model, so that the next step could be performed calculations for data analysis.

Data Analysis. In analyzing the data of this study the researcher used *Univariate* and *Multivariate Analysis*. *Univariate* analysis was used to analyze each variable by searching *central tendency*. Hypothesis testing was done by using *multivariate analysis* techniques, namely SEM (*Structural Equation Modeling*).

SEM was a set of statistical techniques that allowed the testing of a set of relationships that were relatively “complex” simultaneously. SEM determined the strength of individual relationships, the *model's goodness of fit test* and *various hypothesized paths*. There were 2 types of scales used by SEM to analyze multivariate data, namely, scale matrix (interval and ratio scale) and non-matrix scale (ordinal). To analyze the data in the study the researcher used Lisrel 8.80 Windows.

RESULT AND DISCUSSION

Descriptive Statistics. Depiction or description of the study variables, namely the *Student perceived value*, *Student satisfaction* and *Student loyalty* is presented in the table descriptive statistics, where the table shows the average value and standard deviation seen in Table 11 below:

Table 11 : Descriptive Research Variables

| Variable | N | Mean | Deviation Standard |
|----------------------------|-----|-------|--------------------|
| Functional value | 500 | 3.438 | 0.873 |
| Social value | 500 | 3.538 | 0.872 |
| Emotional value | 500 | 3.567 | 0.937 |
| Epistemic value | 500 | 3.675 | 0.852 |
| Conditional value | 500 | 3.623 | 0.838 |
| Facilities | 500 | 3.690 | 0.819 |
| Academic support | 500 | 3.785 | 0.816 |
| Welfare support | 500 | 3.670 | 0.853 |
| Feedback | 500 | 3.703 | 0.834 |
| Placement support | 500 | 3.803 | 0.858 |
| Organisation communication | 500 | 3.803 | 0.806 |
| Attitude | 500 | 3.917 | 0.801 |
| Behavior | 500 | 3.750 | 0.827 |

Source: The Result Data Processing

Based on the table above, all variables have an average value between 3.438 to 3.917 and the standard deviation between 0.801 and 0.937. This indicates that students in private universities in general somewhat agree/somewhat satisfied (> 3), and agree / satisfied (>4) to the statement items used. While the standard deviation values derived variables tend to be low, it indicates that the spread of the data tend to be centralized and it indicates data collected are good.

Hypothesis Testing Results. *Structural Equation* model and the *full model* SEM equations use LISREL 8.80 program and are indicated by the equation and the following image:

Structural Equations

$$SS = 0.792 \cdot SPV, \quad \text{Errorvar} = 0.373, \quad R^2 = 0.627$$

(0.0596) (0.0460)

13.273 8.112

$$SL = 0.620 \cdot SS + 0.278 \cdot SPV, \quad \text{Errorvar} = 0.266, \quad R^2 = 0.734$$

(0.0788) (0.0726) (0.0471)

7.870 3.825 5.649

Reduced Form Equations

$$SS = 0.792 \cdot SPV, \quad \text{Errorvar} = 0.373, \quad R^2 = 0.627$$

(0.0596)

13.273

$$SL = 0.768 \cdot SPV, \quad \text{Errorvar} = 0.410, \quad R^2 = 0.590$$

(0.0531)

14.471

Explanation :

SL = Student loyalty

SPV = Student perceived value

SS = Student satisfaction

Figure 2 : Calculated SEM (Standardized Model)

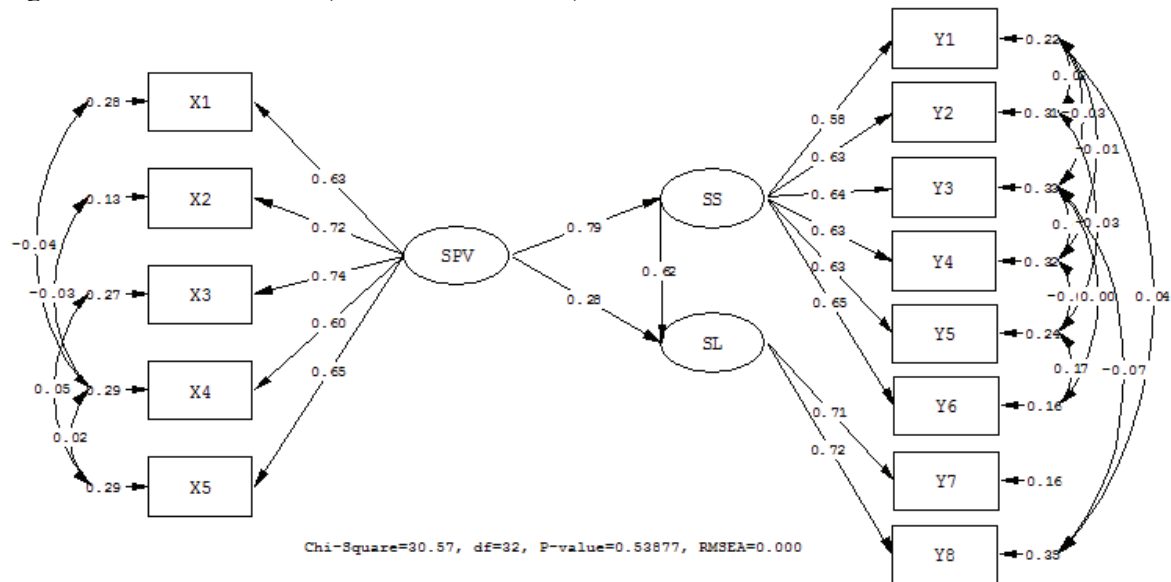
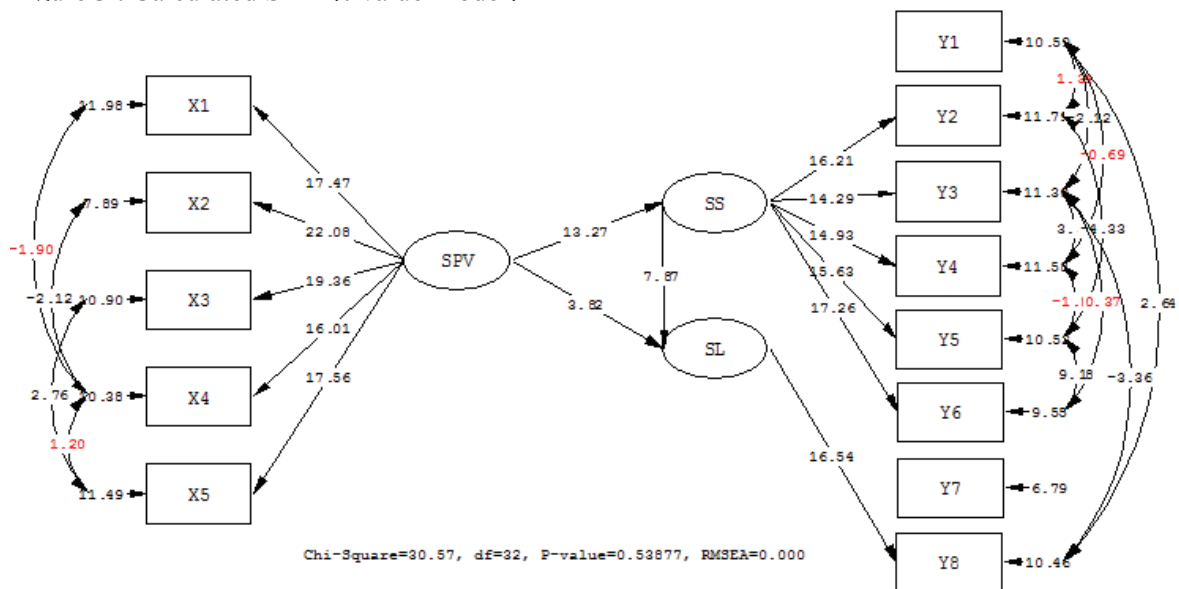


Figure 3 : Calculated SEM (t-value Model)



Hypothesis Testing. All the results of the proposed research hypothesis testing, ranging from H_1 to H_3 , are summarized in Table 12 below:

Table 12 : Summary of Hypothesis Testing Results of the Research Proposed

| Hypothesis | Research Hypothesis | Standardized Solution | t-value | Hypothesis Testing Result |
|----------------|----------------------------------------------------------------------------------------------------------------|-----------------------|---------|---------------------------|
| H ₁ | There is a positive and significant influence of <i>Student perceived value</i> on <i>Student Satisfaction</i> | 0.792 | 13.273 | H ₁ supported |
| H ₂ | There is a positive and significant influence of <i>Student satisfaction</i> on <i>Student loyalty</i> | 0.620 | 7.870 | H ₂ supported |
| H ₃ | There is a positive and significant influence of <i>Student perceived value</i> on <i>Student loyalty</i> | 0.278 | 3.825 | H ₃ supported |

Source: Data Processing Result

Hypothesis 1 (H₁) : *There is a positive and significant effect of Student perceived value on Student satisfaction.*

The result of H₁ research found a positive and significant influence of *Student perceived value* on *Student Satisfaction*. This supports previous study that has been done by Helgessen & Nesset (2007) in his research on the factors that influence satisfaction in college students conducted in Norway. The research conducted on students who were studying S-1 (*bachelor degree*) emphasized on the comparison between the benefits gained by the sacrifice that had been issued by the students during their college.

Hypothesis 2 (H₂) : *There is a positive and significant effect of Student satisfaction on Student loyalty.*

H₂ research result found a positive and significant effect of Student satisfaction on Student loyalty. The result of this study supported the result of the research conducted by Thomas (2011), who conducted research on the factors that influenced the level of loyalty to the university students in India, where it was found that a factor other than the reputation was the level of satisfaction that determined a student loyalty to his university.

Hypothesis 3 (H₃) : *There is a positive and significant effect of Student perceived value on Student loyalty*

H₃ research result found positive and significant impact on the *Student perceived value* on *Student loyalty*. The result of the study was consistent with the result of the research conducted by Wang and Wu (2011), which examined the direct effect of *perceived value* on customer loyalty in Taiwan, where it was found the existence of a positive and significant effect of the variable *value* to *loyalty*.

CONCLUSION

The research aimed to identify and analyze the factors that become the antecedents and consequences of *Student satisfaction* at private universities. From the results of the study it can be concluded that: (1) *Student perceived value* affects *Student satisfaction*; (2) *Student satisfaction* affects *Student loyalty*; (3) *Student perceived value* affects *Student loyalty*; (4) *Student perceived value* influences *Student loyalty* greater through *Student satisfaction* or in other words *Student satisfaction* fully mediates the effect of *Student perceived value* on *Student loyalty*.

Theoretical Implications

Based on the research results it is obtained some important things that can be used as a contribution to the theory that hopefully can be useful for the development of science. The implications are: (1) This study enriches *Student loyalty* models, where *Student perceived value* and the *Student satisfaction* affects *Student loyalty*; (2) *Student perceived value* affects *Student loyalty*; (3) *Student perceived value* influences *Student loyalty* greater through *Student satisfaction*; (4) This study contributes to *Student loyalty* model in the context of Higher Education, especially on Colleges (PTS) in the form of University.

Managerial Implications

Based on the findings, the obtained practical steps can be used by the leader/private University Rector, namely *Student loyalty* at the private University will increase if: (1) Students can communicate and relate well with the faculty and study program. Private universities should seek to provide the best service to students in the form of ease of communication with the faculty and the study program directly (face to face) or indirectly, for example, provide a phone number, fax, email address/ website or other communication tools that are easy to be contacted to facilitate the exchange of information useful both for students and for faculty and study program; (2) Students have a high satisfaction, in particular the satisfaction of faculty assistance in overcoming the difficulty of the course. Private universities must attempt to evaluate, monitor, and provide guidance to lecturers to provide additional time outside teaching hours for students to consult if students have difficulty in courses they take. The organizations can create a schedule for professors to students in regular consultation time. Phone number, mobile phone, email address or other means of communication are easily accessible making it easier for students to meet the teachers when students have difficulty in courses; (3) Students feel the high value perception, particularly services on campus that do not discriminate against students because of differences in socioeconomic status between student and campus services that make students feel comfortable in campus. Private universities should seek to provide the same services for all students, for example, providing motorcycle/bike parking lot as good as car parking lot, providing a decent public transportation stop in front of the campus for students who do not use private vehicles. In addition, the institution should also seek to provide convenient services that make a student comfortable, for example, providing friendly employees, straightforward bureaucratic administration, a comfortable waiting room service and so on.

Recommendations for Further Research

In this study there were some suggestions and recommendations for future research. First, the study only analyzes the hypothesis according to the theories and previous research. Future studies are expected to add new variables or another dimension to the model of *Student loyalty* besides *Student perceived value* and *Student satisfaction*, so we will get a model with variables and dimensions which are more comprehensive. Second, further research is recommended to implement and test models of *Student loyalty* with different characteristics of respondents, in the form of more complete PTS or PTN (Academy, Institute, Polytechnic, or College) and not only in Bandar Lampung, but also in the entire region of Kopertis 2 or throughout Indonesia so that subsequent findings will get better generalized results. Third, further research is recommended to conduct similar studies with *Student loyalty* model within the scope of other educations, ranging from Elementary Education, Secondary Education, and Upper Education and Vocational, so it is hoped to get complete *Student loyalty* model for all kinds of levels of education.

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